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UNITED NATIONS PENSION SYSTEM

Report of the Fifth Committee

Rapporteur: Mr. Jorge OSELLA (Argentina)

I. INTRODUCTION

1. At its 3rd plenary meeting, on 18 September 1992, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its forty-seventh session the item entitled "United Nations pension system" and to allocate it to the Fifth Committee.

2. The Fifth Committee considered the item at its 23rd, 27th, 29th, 31st, 35th and 47th meetings, on 10, 17, 19 and 24 November and 1 and 17 December 1992. Comments made in the course of the discussion on the item are reflected in the relevant summary records (A/C.5/47/SR.23, 27, 29, 31, 35 and 47).

3. For the consideration of the item, the Committee had before it the following documents:

(a) Report of the United Nations Joint Staff Pension Board for 1992, 1/ including the report of the Board of Auditors on the accounts of the United Nations Joint Staff Pension Fund for the year ended 31 December 1991 and containing a draft resolution proposed for adoption by the General Assembly;

(b) Report of the International Civil Service Commission for 1992; 2/

1/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 9 (A/47/9).

2/ Ibid., Supplement No. 30 (A/47/30), chap. III.

(c) Report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund (A/C.5/47/8);

(d) Note by the Secretary-General transmitting a statement adopted by the Administrative Committee on Coordination at its second regular session of 1992 (A/C.5/47/25);

(e) Report of the Advisory Committee on Administrative and Budgetary Questions (A/47/578).

4. The report of the United Nations Joint Staff Pension Board was introduced by its Chairman at the 23rd meeting, on 10 November (see A/C.5/47/SR.23).

II. CONSIDERATION OF DRAFT RESOLUTION A/C.5/47/L.6

5. At its 47th meeting, on 17 December, following informal consultations, the representative of Hungary introduced draft resolution A/C.5/47/L.6.

6. At the same meeting, the Committee adopted the draft resolution without a vote (see para. 7).

III. RECOMMENDATION OF THE FIFTH COMMITTEE

7. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

United Nations pension system

The General Assembly,

Recalling its resolutions 46/192 and 46/220 of 20 December 1991,

Having considered the report of the United Nations Joint Staff Pension Board for 1992 to the General Assembly and to the member organizations of the United Nations Joint Staff Pension Fund, 3/ chapter III of the report of the International Civil Service Commission, 4/ the report of the Secretary-General on the investments of the Fund, 5/ and the related report of the Advisory Committee on Administrative and Budgetary Questions, 6/

3/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 9 (A/47/9).

4/ Ibid., Supplement No. 30 (A/47/30).

5/ A/C.5/47/8.

6/ A/47/578.

I

IMPLICATIONS FOR THE UNITED NATIONS JOINT STAFF PENSION BOARD OF THE BIENNIALIZATION OF THE WORK PROGRAMME OF THE FIFTH COMMITTEE

Recalling its resolution 46/220 on the biennialization of the programme of work of the Fifth Committee,

1. Takes note of the decision of the United Nations Joint Staff Pension Board to reschedule the next actuarial valuation of the United Nations Joint Staff Pension Fund to be as of 31 December 1993, instead of as of 31 December 1992, with subsequent valuations being carried out every two years;

2. Takes note of the additional responsibilities delegated by the Board to its Standing Committee to be carried out in odd-numbered years, as set out in paragraph 14 of the report of the Board; 3/

3. Takes note of the observations of the Board on the rescheduling of the dates for the next comprehensive review of the pensionable remuneration and consequent pensions of staff in the Professional and higher categories, and of the review of the maximum number of years of creditable contributory service in the Fund;

II

ACTUARIAL MATTERS

1. Takes note of the observations of the United Nations Joint Staff Pension Board in section III.B of its report 3/ on the methodology and assumptions to be used in the actuarial valuation of the United Nations Joint Staff Pension Fund as at 31 December 1993;

2. Requests the Board to consider the form in which it presents the results of actuarial valuations, taking into account the views of the Committee of Actuaries and of the Board of Auditors;

3. Takes note of the observations of the Board in section III.B of its report on matters related to the application of the transfer agreements between the Fund and the former Union of Soviet Socialist Republics, Ukrainian Soviet Socialist Republic and Byelorussian Soviet Socialist Republic;

4. Concurs in the agreement with the Inter-American Development Bank, approved by the Board under article 13 of the Regulations of the Fund, with a view to securing the continuity of pension rights between the Bank and the Fund, as set out in annex IV of the report of the Board;

III

PENSIONABLE REMUNERATION AND CONSEQUENT PENSIONS OF STAFF IN THE GENERAL SERVICE AND RELATED CATEGORIES

Recalling that in section III of its resolution 45/242 of 21 December 1990, the General Assembly requested the International Civil Service Commission, in full cooperation with the United Nations Joint Staff Pension Board, to submit recommendations to the General Assembly at its forty-sixth session, in respect of the comprehensive review of the methodology for determining the pensionable remuneration and consequent pensions of staff in the General Service and related categories,

Also recalling section II of its resolution 46/192,

Further recalling its concurrence with the observation of the Advisory Committee on Administrative and Budgetary Questions 7/ that the Commission and the Board should aim to eliminate current anomalies in the system without creating new ones,

Recognizing that the Statute of the Commission and the Regulations of the United Nations Joint Staff Pension Fund define the complementary and essential roles of the Commission and the Board in reviewing issues related to pensionable remuneration and consequent pensions, which are indispensable components of the conditions of service in the common system, and that pensionable remuneration has a decisive impact on the levels of contributions to be paid into the Fund by member organizations and by participants,

Noting that, based on a pilot study of six locations, the Commission and the Board had concluded that the approach of determining pensionable remuneration and/or pensions by reference to the local practices of employers used in General Service salary surveys should not be pursued further,

Also noting that

(a) The Commission and the Board had concluded that the methodology for determining General Service pensionable remuneration should relate the pensionable remuneration to the net base salaries received while in service,

(b) Regrettably, the Board had not been able to achieve agreement on the modalities for applying such an approach, as reflected in the table in paragraph 76 and annex VIII of the report of the Board, 3/ containing respectively, the positions of the three groups in the Board, together with the proposal of the Chairman of the Board, and the statements of the three groups on the Chairman's proposal,

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7/ A/46/614, para. 14, and A/47/578, para. 11.

(c) The Commission, in paragraphs 99 and 100 of its report, 4/ had reached conclusions on certain aspects of the methodology, indicated its intention to consider other outstanding aspects in 1993 and concluded that the implementation date for the revised methodology should be 1 January 1994,

Reiterating that the future work of the Board and the Commission should focus on the elimination or significant reduction of the "income inversion anomaly", as described and discussed in paragraphs 73 and 74 of the report of the Board, 3/ and in paragraphs 88 to 92 of the report of the Commission, 4/

Reiterating also its appreciation of the complexities and the importance of the issues involved for all parties concerned,

Taking note that the Board has not yet had an opportunity to consider the conclusions of the Commission, in paragraphs 99 and 100 of the report of the Commission, on certain aspects of the methodology, in the light of the views of the Commission contained in paragraphs 88 to 98 of its report,

1. Endorses the conclusions of the United Nations Joint Staff Pension Board and the International Civil Service Commission that the methodology for determining the pensionable remuneration of staff in the General Service and related categories should relate the levels of pensionable remuneration and consequent pensions to salaries while in service;

2. Endorses also the approach in paragraph 1 above for future work on its various aspects, as reflected in the proposal of the Chairman of the Board in paragraphs 76 and 77 of the report of the Board, and in the conclusions and recommendations of the Commission in its report;

3. Endorses further the conclusions reached by the Commission on those aspects of the methodology contained in its report;

4. Requests the Commission, in close cooperation with the Board, as appropriate, to finalize the comprehensive review in 1993, and to submit recommendations on all aspects of the methodology to determine pensionable remuneration and consequent pensions, including the effective date of implementation and transitional measures to protect acquired rights, to the General Assembly at its forty-eighth session;

5. Also requests the Commission to recommend consequential amendments to the Staff Regulations of the member organizations and the Board to consider amendments to the Regulations of the United Nations Joint Staff Pension Fund, which may be required in order to implement the revised methodology, in their respective reports to the General Assembly at its forty-eighth session;

IV

PENSIONABLE REMUNERATION AND PENSIONS OF UNGRADED OFFICIALS

Recalling section III of its resolution 46/192 in which, inter alia, the General Assembly requested the International Civil Service Commission to

recommend guidelines for determining the pension arrangements for ungraded officials who do not become participants in the United Nations Joint Staff Pension Fund so as to ensure system-wide comparability, as well as appropriate monitoring procedures, and to submit recommendations thereon to the General Assembly at its forty-seventh session and to the governing bodies of the other organizations of the United Nations common system,

Also recalling that in the same resolution the Assembly requested the United Nations Joint Staff Pension Board to consider amendments to the Regulations of the Fund to incorporate provisions governing the pensionable remuneration of ungraded officials and to extend the provisions placing a limit on the highest levels of pensions to cover all participants in the Fund, including ungraded officials,

1. Decides to convey to the governing bodies of the other member organizations of the United Nations Joint Staff Pension Fund its view that their ungraded officials should become participants in the Fund so as to ensure system-wide comparability and that, if a governing body decides to make arrangements outside the Fund, the General Assembly believes that only the option currently available in the International Civil Aviation Organization, as described in paragraph 64 of the report of the International Civil Service Commission, 4/ would be appropriate;

2. Concurs with the decision of the Board to defer, until its next regular session, in 1994, consideration of an amendment to article 54 to incorporate provisions governing the pensionable remuneration of ungraded officials, in order to allow time for the governing bodies of all member organizations of the Fund to take up the matters referred to them by the General Assembly in paragraphs 5 and 6 of section III of resolution 46/192;

3. Approves, with effect from 1 April 1993, an amendment to article 28 (d) of the Regulations of the Fund, as set out in annex I to the present resolution, to extend the ceiling on pensions to ungraded officials, as well as to other participants who are not currently covered by article 28 (d) of the Regulations but whose pensionable remuneration is greater than that at the D-2 level, top step, in the scale of pensionable remuneration appended to article 54 of the Regulations;

V

CHANGES IN THE PENSION ADJUSTMENT SYSTEM

Recalling section IV of its resolution 46/192, in which it approved the longer-term modification of the pension adjustment system that the United Nations Joint Staff Pension Board had recommended in 1991,

1. Takes note of the observations of the Board on the additional studies related to that modification, including in particular a change in the "120 per cent cap" provision, reviews of the special index for pensioners, the applicability to staff in the General Service and related categories of the

longer-term modification of the pension adjustment system, as well as of the observations on the intention of the Board to make recommendations on these matters to the General Assembly at its forty-ninth session, in 1994;

2. Reiterates its request in resolution 46/192 that the Board continue to consider economy measures, including in particular a change of the "120 per cent cap" provision under the two-track pension adjustment system;

3. Approves, effective 1 April 1993, modification of the schedule for the special adjustment of small pensions under section E of the pension adjustment system, as recommended by the Board in paragraph 104 of its report, 3/ and the consequential changes in the pension adjustment system, as set out in annex II to the present resolution;

VI

OTHER MATTERS

1. Concurs with the decisions of the United Nations Joint Staff Pension Board, set out in paragraphs 124 and 125 of its report, 3/ to consider again, at its next regular session, in 1994, amendments to article 54 of the Regulations of the United Nations Joint Staff Pension Fund to incorporate therein provisions governing the longevity/merit steps granted by some organizations to their staff, as well as a definition of the pensionable remuneration of staff in the United Nations Field Service category;

2. Takes note of the other matters dealt with in the report of the Board;

VII

INVESTMENTS OF THE UNITED NATIONS JOINT STAFF PENSION FUND

1. Takes note of the report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund 5/ and welcomes in particular the commitment to global investment as indicated in paragraph 46 of the report of the Board 3/ and takes into account the comments of the Advisory Committee on Administrative and Budgetary Questions in paragraph 23 of its report to the General Assembly at its forty-sixth session; 8/

2. Reiterates its requests to Member States that do not now grant tax exemptions for the investments of the Fund to make all possible efforts to permit such exemptions as soon as possible.

8/ A/46/614.

ANNEX I

Amendment to the Regulations of the United Nations Joint Staff Pension Fund

Article 28

Retirement benefit

Replace paragraph (d) by the following:

"(d) (i) However, except as provided in (ii) below, the benefit otherwise payable at the standard annual rate in accordance with the applicable provisions of (b) or (c) above to a participant at a level above D-2, top step, of the scale of pensionable remuneration appended to article 54, shall not exceed, as at the time of the participant's separation, the greater of:

"(A) 60 per cent of his pensionable remuneration on the date of separation; or

"(B) The maximum benefit payable under the same provisions of (b) or (c) above to a participant at the level D-2 (top step for the preceding five years of the scale of pensionable remuneration appended to article 54, as adjusted), with 35 years of contributory service, separating on the same date as the participant.

"(ii) However, for a participant separating at the level of Under-Secretary-General, Assistant Secretary-General or their equivalent level to whom the provisions of (i) above are applicable, the benefit payable shall not be less than the benefit that would have been payable to him at the standard annual rate if he had separated from service on 31 March 1986; for participants separating at other levels above D-2, top step, in the scale of pensionable remuneration appended to article 54, to whom the provisions of (i) above are applicable, the benefit payable shall not be less than the benefit that would have been payable to the participant at the standard annual rate if he/she had separated from service on 31 March 1993; for participants who entered or re-entered the Fund at an ungraded level before 1 April 1993, the provisions of (i) above shall not be applicable."

ANNEX II

Changes in the pension adjustment system

E. SPECIAL ADJUSTMENT FOR SMALL PENSIONS

Replace paragraph 7 by the following:

"7. Whenever the standard annual rate of a retirement or disability benefit under the Fund's Regulations, before any commutation, is less than the highest dollar amount in the applicable table below, the benefit shall be subject to a special adjustment as follows:

"Annual amount of pension	Special adjustment (Percentage)
"Separations before 1 April 1993	
$4 000	0
3 800	3
3 600	7
3 400	12
3 200	17
3 000	22
2 800	28
2 600	34
2 400	40
2 200 or less	46
"Separations on or after 1 April 1993	
$6 500	0
6 250	3
6 000	6
5 750	9
5 500	12
5 250	15
5 000	18
4 750	21
4 500	25
4 250	28
4 000	31
3 750	34
3 500	37
3 250	40
3 000	43
2 750 or less	46"